

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN**

August 27, 2003

7:30 PM

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance, this function being led by Alderman Lopez.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Wihby, Gatsas, Guinta, Sysyn (late), Osborne, Pinard,
O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Thibault, Forest

Mayor Baines stated before we introduce the report of the Special Committee I'd like to address a few issues and ask the Board's indulgence. First of all I think it's been very clear throughout this process that this Board has a very strong commitment to do the work that needs to be done at Gill Stadium, and I don't think that issue is in doubt. I believe we have the capacity and the desire to move forward with that despite the outcome of whatever would happen, although we're looking for a positive outcome regardless of what happens here. Secondly, this issue from its beginning, as it reminds me of other big projects in the City, as always has people that have been against it from day one, they're against it now, and I respect that process. Secondly, there are people that are zealous for this project too. They want it and they have a strong desire to make it happen and that's where we are with the issue. In between these two issues, we find ourselves in a situation that we're going back because of the situation that emerged with the Eastern League, looking at issues that we can do to first of all ensure the protections that are necessary for the City, and that's what we've been working very, very diligently to do. And all of our conversations in that regard have started with that. In all due respect to Joe McEacharn, the President of the Eastern League, who I'm going to be calling on in a minute. Every discussion that I have had with him he's always started out with these comments. Mayor, our commitment is to bring a team here to Manchester in April, but our first commitment is to make sure that whatever decision you make and we make is first of all and foremost in the best interest of the City. we have no interest in going into a City with a high degree of failure. We're not interested in that, that's part of the way we do business nor do we feel the way you should be doing business in the City, and we concur with that. But he has always been honorable and forthright in terms of his commitment to make sure that happens, and if you think about it, it makes good business

sense. The Eastern League is not in a situation, or Drew Weber does not want to find himself in a situation, coming into a city where there's going to be a high degree of risk of failure. Neither would Drew Weber have made the commitment that he has made with his purchase of that team in New Haven, go ahead with that kind of a purchase and make the kind of commitments and respond to the requests that we have made as a City. At every single turn of the way he has come forward and met his obligations and he's done that, and he's very much aware of his obligations and is ready to meet them to the City. But he also wants to come to Manchester because there's a high degree of successes here in Manchester. But when you negotiate contracts, the natural tendency of any contract that any way agrees, including the bank when you go for your loan, is to try to protect as much as possible. And that's what this agreement has done, is try to protect the entities involved as prudently as possible with any legal agreement. So with that in mind, we are now faced with some requests that have come from the League, because first of all and foremost, their commitment to make sure that the City is not obligating itself to something through its words and through its interpretations of its legal words that could lead to a high degree of failure. No one involved in this endeavor expects this project to be a failure and I think there's ample evidence including our feasibility study that indicates that this will be a homerun for Manchester. The issue that is before you tonight is a Committee Report that reflects the requests of the Special Committee that Alderman Wihby chaired last week, which I thought was done in a very professional and organized manner and addressed the critical issues that the Committee felt could be addressed to ensure the protections that the City and also advance the project because the majority of this Board has indicated that they want this project to move forward. And as long as I've been in government or observing government, once a decision has been made, people generally roll up their sleeves and make sure that the fine tuning, the adjustments, the protections are in place, and occasionally there need to be adjustments, and I can remember sitting here right at the last minute when the civic center was having its final vote, and there meetings going on downstairs trying to get different changes made to some of the agreements and some of the commitments of the City. This is to be expected with large and important projects facing the City and all of you understand that this is a very significant project to the City, for the future of our City, and as Mayor I will never recommend anything to this Board of the citizens of the City that in my view after consultation with legal counsel and the Finance Officer and his deputy and those that are responsible to ensure the financial security of the City, will never recommend anything that I do not feel meets that standard. And that's what we're going to be addressing tonight. As part of the issue that's on the table, Amendment No. 2 is now off the table. Again, there was some request that we look at some variety of options, we've talked to the League, that does not need to be introduced, that is not an issue that we are going to be discussing this evening. The issue that I want introduce first is the issue of personal guarantees, because all of us have been through a tremendous educational process with this issue. Tremendous educational process, and we all respect the fact the Drew Weber has done something that perhaps, from what I can find, no other owner has ever done, of a team. To say I'm willing to provide the City with a personal guarantee. My research, my understanding, my knowledge of this

matter, it's unheard of. So, once again, we had an owner, because that was a lingering concern on this Board, that said that if that's another threshold that I have to cross to make this project work for the City, and give them some assurances, despite the fact that I'm considered one of the most successful operators in the league that he's involved in. And that record is very clear, and Joe McEacharn has said to me over and over again, Drew Weber will be an outstanding operator of this franchise. So Drew took that extra step and said I will offer this personal guarantee. Now, I'm going to introduce Mr. McEacharn to take you through the process and why he's here to tell you tonight that while the Board took a step and said that the personal guarantee issue would go away at their recommendation if the Eastern League were to come in and take over the franchise. He's also going to present, I believe, a very compelling argument that I am prepared to support based upon the other information that I've provided to you that I would never support anything despite my personal commitment to a project because at any point in this project I was prepared to pull my support away and I've made that comment many times, especially over the last week and a half. That the issue of the personal guarantee, you take it through the scenario. It's very clear that with a personal guarantee in place, if Drew Weber were to be in a situation where he tried to sell his team, it's very clear that that team in all likelihood, all probability, would not be able to be sold. Now we don't expect Drew Weber to be a failure. His record is a record of success, and he accumulated personal wealth as a result of his success and he's put a personal guarantee in place. We don't expect that to happen, but if in fact there were a scenario for all kinds of personal reasons, tragedies, or what have you, that Drew Weber would be in a position that he had to sell that team, it's been clearly indicated and Drew believes it today, and Joe McEacharn is here, and the attorney that's representing Drew Weber will tell you very clearly he could not sell that team with that being in place. What he would have to do in that scenario is to declare bankruptcy. We don't want that, the League does not want that, the citizens of Manchester should not want that. What would happen in that scenario is that the League, under its responsibilities to Major League Baseball, the National Association of Professional Baseball, is required to go out at that scenario and help find a buyer for that team, which they could not do if that guarantee were in place. So they would have no choice but to allow the team to go into bankruptcy. Never happened, that we've been told by Mr. Billings, it's never happened. So we may be worrying about something that possibly and probably will never happen here. The League is requesting tonight that there be an amendment that goes with the recommendation of our Finance Officer still and his Deputy, that it's in the best financial interest of the City, both short and long term, that that commitment expire if in fact Drew Weber were to sell his team, and I recommend that to you with the full confidence that that recommendation has the support and integrity of those people who advise us on financial matters. Mr. McEacharn I would like you to go through the scenario with the League as I described.

Joseph McEacharn President of the Eastern League of Professional Baseball Clubs stated ladies and gentlemen, I honestly wish I could say it was a pleasure to be here this evening. What I'm going to say to you and thank you for the opportunity to have me and discuss this

matter. Before I get started on anything, I would like to reiterate something the Mayor has said a couple of times and I can assure you that it is 100 percent the feeling of the Eastern League, that our first and foremost protection is for the City and you might question that and that would only be natural. But let me tell you very briefly why. If this project is a success for the City, or for any Eastern League city, it then becomes an automatic success for the franchise in the Eastern League. We start at the top. If the franchise is successful and the City is not, it's a loser. If this franchise is successful and the League and the City are not successful, it's a loser. All parties have to win for this thing to happen. If the City can't win here, then it does not stand a chance of winning and that is why we start at the protection of every city, and I think that's very important to understand. The League has no financial gain in here except to protect their own interest, that being in the event that we have to step in and take over a club. The Mayor has talked about our desire for the personal guarantee in the event of the transfer of the franchise or in the event of the assumption of the franchise by the League and I'll get to that in a minute, but I think it's very important for everybody to understand, this is all about liquidity. And let me tell you this, there is not another franchise in Minor League Baseball, put aside the Eastern League, that puts the personal guarantees on these kinds of projects. It is the feeling of the Eastern League, of Minor League Baseball, and of the Commissioner's office, that if this personal guarantee were to transfer to the League and/or to any third party assignees, that the franchise would have no liquid asset, we would not be able to sell it. The League is not prepared to take over a franchise and operate it much the way Major League Baseball does with the Montreal Expos. We don't have those kind of pockets and we are not going to go down that road. In the event of financial difficulty or personal tragedy, health reasons, family estate reasons, there are a number of reasons that often times a transfer will happen and no I won't ignore the fact that at times it's for financial gain. My only comment on that is, Mr. Weber will have such a huge investment into this franchise that it will be a long time before he will be able to realize a gain on anything other than the operation of the team. I'm not going to speak for Drew, but I will say this about Drew, he has stood up and met every one of your requirements. I only wish that I had been involved in the process earlier because I can assure you that you would have had strong advise not to and say this again with keeping in mind the protection of the City. The Mayor has asked me talk about the scenario of how I feel or the position of the League as to why the removal of the personal guarantee on a transfer of League assumption benefits the City, and that's the way we need to look at it because it's to your benefit folks. If you maintain the personal guarantee, then you then force the hand in the event of financial difficulty, the only option will be to enter bankruptcy because the League will not take over a team that has the personal guarantee because they won't be able to sell it and we will then be forced with operating a twelfth club again much like the Expos. If Drew is unable to sell the franchise, which is the first natural step when a club is financial difficulty, is the League becomes involved and eventually the most common result is the franchise being sold. If the personal guarantee transfers to a third party signing, that sale will never take place. Drew's hands will be forced into bankruptcy. I'm not a bankruptcy attorney, I'm not here to represent myself as one, but I can tell you this much, it's bad. I won't go into specific details, but I can assure

you of this, the City will be on the hook, probably to a far greater degree than anybody else. We will assume baseball related debts, we will not assume his lease obligations or anything else, and neither will any other party. It will then be in the bankruptcy state and the bankruptcy court will make those decisions. However, if the personal guarantee does not transfer to a third party assignee or to the League assuming we step in, then the franchise is still liquid and we can sell it. The League will step in at that time, and we will step in long before that. We have in place, it's in our Major League rules, our Minor League rules, and our Eastern League rules. There is continued monitoring of financial viability of a club. No club may have less than 60 percent equity stake in the franchise. They can't put the thing in debt all the way to the max, hock it, and try to operate on somebody else's money. Not permissible. Not for a new franchise, not for an existing franchise. A further step on that, every year on November 1st at the conclusion of our baseball season, every team is required to certify that all baseball related debts are paid in full. That includes leases, that includes hotdog vendors, Coke vendors, etc., etc. Anything to do with baseball stadium operations. Anything to do with the franchise needs to be paid in full. That's includes T-shirt vendors, large and small. We monitor that. If those baseball debts are not repaid and paid in full, Major League Baseball, Minor League Baseball and the Eastern League then step in and find out why and that's always the first red flag. If a franchise can't pay its debts for the most recent paid baseball season, there's a red flag going on. In addition, every club as part of the Major League Rules is required to complete and submit formal financial statements certified by a public accountant as to their financial wherewithal. When we see teams are losing money and that is after the payment of all obligations, that raises a red flag and we begin watch. If this goes one, and this has happened, if it continues, then the League gets involved and what we want to be able to do is have options. We have to have options. If you have no options, you've only got one place to end up, and that's a place that nobody wants it to end up. This personal guarantee is designed to protect the City, and I can appreciate the good people and the folks on the Committee that wanted it there, but I think if you look at it in a different light, you're going to see that it in effect reduces options. And I think we all have to know and understand that options in any business, in every aspect of life, personal and business, are very important. I go through life trying to keep my options open all the time and my wife will attest to that. So with that, I would prefer to open it up to questions. I think I've made my point unless there's something else you'd like me to address.

Mayor Baines stated I would like to ask you, is this a deal breaker? This issue?

Mr. McEacharn answered yes.

Alderman Shea stated my question is, you mentioned that if you were involved in the process earlier, certain pitfalls would have been avoided? Correct?

Mr. McEacharn answered I didn't use the word pitfalls, no.

Alderman Shea stated I'm using it though. But certain types of process would have happened differently. That's what you said? Is that correct?

Mr. McEacharn answered not necessarily the process. I don't want to put words in your mouth but if you are describing the terms of the lease that your administration has negotiated, then I would agree with you. Those are pitfalls. I must tell you at the Eastern League we consider that lease to be a very onerous lease and quite possibly if not almost certainly the most onerous lease in all of Minor League Baseball. To that point sir, while we are not comfortable with that, I will say I am very bullish on Manchester. There are some owners in our League that are not as bullish only because they are not familiar. There are some owners that are familiar with the City, and they are very bullish, so we've gotten over that issue and we have addressed that issue internally on different matters and in different ways. What I was referring to was that if in fact I had been involved in the negotiation process, I firmly believe that you would have come to a different set of numbers or quite possibly not have had a deal. Your administration worked out something with Drew. Drew is willing to go out, way out, and he's willing to do that because his investment and his interest in this goes way beyond financial interest. I think you've probably come to know Drew a little bit and the one thing that means more than anything to him right now is to bring baseball to a second community. He has brought a quality of life, an asset to the community, an identification, a number of things to Lowell. Make no mistake, he will do the same here in Manchester. I only meant to say, and I'm sorry for rambling here, but I only meant to say that we would have strongly been advising Drew to please consider less onerous conditions for his investment or his legacy to the City.

Mayor Baines stated and could I add just before you continue, that was then, and this is now and we're trying to move forward because that did not take place between Drew and Joe McEacharn and now we're trying to deal with these issues moving forward.

Mr. McEacharn stated and we've got those issues that you've negotiated. That deal stands in place. We are not attempting to change the economic terms. The City has spoken clearly on that.

Alderman Shea stated let's reverse the process and say that the League had a very good contractual agreement with the City, but for whatever reason the City did not have...in other words, the position were reversed. Would the League be willing...in other words let's assume that the people working on the City's part did not negotiate a contract that after a while the City felt was in their best interest. Would the League change the contract? Would the League be willing to say well we want to help the City in terms of the contract? In other words, what I'm getting at is when I approved this contract, I approved the contract predicated upon what was agreed upon. Right now the understanding in my mind is that we are not going to get the same contractual agreement with the same performance standards, with the same compelling standards that we would have gotten if the present contract were

not amended. That's where I'm coming from Joe, okay. So that's where the idea of what would the League have done if the City were in the League's position and we were asking the League to do something? Would the League then for us? I don't know. I leave that question open.

Mayor Baines asked Joe would you like to respond to any of those comments.

Mr. McEacharn stated with all due respect, I'm not prepared to discuss hypotheticals.

Alderman Wihby stated I guess Joe it's a good thing you didn't talk to Kurt because if you did the deal would be a lot less than what the Aldermen are asking for now, that's what you're saying. You're saying that if you had gotten involved it wouldn't have been as good to the City as it is.

Mr. McEacharn replied that's exactly what I'm saying.

Alderman Wihby stated so we're thankful that you didn't because I think we did get a good deal on it and Kurt I think will do a good job. But my concern is that, and Alderman Shea touched upon it, we're changing seven items the eighth one has been withdrawn, out of those seven items four of them I guess were basically verbiage that I guess we all agreed that it really meant that but wanted to clarify a couple of items that probably were in our benefit and a couple that weren't. Explaining that from Finance we were told that we weren't lowering our position by amending this to the seven items that it was the League that wanted it and it was the League was protecting themselves for when they took it over. The League is there; if something happens to Kurt and you take over. By changing number one, and again, let's go back number one was recommended the way that you're saying you wanted it from Finance. They were willing to do that the first time around explaining to us that that wasn't really a change that was going to effect us. The Committee at least felt well let's put a little stronger verbiage in there and Finance went along with that. So we're not asking to do anything less than Finance had originally asked us to do if we make this amendment, because the Aldermen added to what Finance had suggested anyway. But number one is a deal breaker; if we amend number one and the package goes forward and the Committee report goes forward with the seven changes. Do you see a positive vote from the League or are you going to come back and want more changes then?

Mr. McEacharn answered I guess I'd like to address that on a couple of levels. Yes I did I believe, and I don't have it in front of me, I do have it in my briefcase, but we did list out a number of seven or eight different concerns that we had. The first one emphatically, I wrote it, I remember it said remove the personal guarantee. I'm not privy to what happened within your Committee and was recommended to the full Board. I do know that what my recommendation and what my concern was is not being fully implemented, however, I don't look at those issues that I listed as asking the City to give things and the League things that

would be negotiated. I consider those issue ways that we can all work together to protect the City's interest first and foremost, the League's interest as well, and I will maintain that position. That all of those conditions were not...Eastern League didn't come out of that benefiting as much as maybe some of the media or some of the press has made it out to be. If we wanted to do that, we'd get right down to the dollars and cents, let's face it. Those are for the protection of everybody. It was an improvement to an existing contract; not to an improvement unilaterally. Not to improve one party's position, it was designed for an improvement to everybody. And so I think that's very clear that I still maintain as I go back to my original discussion up here, that the removal of this personal guarantee is not for the benefit of the Eastern League, it's for the benefit of the City first and foremost, and I stand by that. As far as you question regarding do I see an affirmative vote, I'm really not at liberty to answer that. I can't begin to speculate only that first I don't vote, and secondly as important, we do have a couple of other issues that we are not fully comfortable with within the lease. Your City's administration has made it clear, the lease that you have and the lease that you good folks approved is the lease that's being presented to the Eastern League. If we can both work to tighten up the language so that it's for the protection of everybody, but not at the cost of anyone. That's a positive thing, and it would be unwise and very concerning if it were used for political motivations. I can tell you this that we are working on a couple of internal matters designed for protection of the League and protection of baseball that will not have any impact on the City, the City will never see it because it will be internal. I am very hopeful of having the responses back at the end of this week. It's not a vote...seeking some outside counsel and we need some clarifications on certain issues. We have a plan in place. I do feel that the plan will be successful and be implemented; I do feel that that plan will be part of the vote that occurs next week and I do feel, and I'm going to be very upset if I walk out of here that the plan that we can not present also includes an additional protection for the City.

Alderman Wihby commented which is the number one item. To change the amendment that we're talking about.

Alderman DeVries stated with your brief presentation you indicated that the Eastern League will be maintaining a certified audit yearly of the team here in Manchester, is that correct?

Mr. McEacharn answered it's not necessarily the Eastern League, it's baseball. There's a continued monitoring rule within the Major League Baseball rules. The Eastern League has it's own plan in place but we don't fall back to that, the Major League rules and requirements are much more stringent. That's what we ultimately always fall back to.

Alderman DeVries stated you also indicated that baseball or the Eastern League would require yearly that any outstanding debt is taken care of. Is that correct?

Mr. McEacharn answered that is correct.

Alderman DeVries asked that means baseball related debt? Would that also include any debt that there might be outstanding to the City? If any lease payments were in arrears, it's a requirement that that be made whole each year?

Mr. McEacharn answered that is correct.

Alderman DeVries asked would that extend also to the replenishment of the three-year letter of credit should that be drawn down during the course of the year? Will that be required with the terms of the lease, to be replenished each year to make matters whole?

Mr. McEacharn answered yes. That would be considered part of the lease. The lease would need to be fulfilled if the lease were in default.

Alderman DeVries asked so we can be assured each year as we start again that all past debt has been cleared and we're starting each year with a clear slate?

Mr. McEacharn replied yes.

Alderman Thibault stated Joe in hearing you talk I'm getting to feel comfortable that you people are just not looking for baseball to be whole and proper, but that you are also looking into the City to be in a position that it feels it doesn't have any obligations that are outstanding, such as Alderman DeVries was just bringing out. And that really concerns me, because I believe that most of the Aldermen on this Board first and foremost are trying to protect the City from incurring something that we can not foresee, and if you're telling me every year this is going to be a clean slate, that we're starting from scratch here, I think that takes an awful lot of burden away from me certainly and I'm sure some of my constituents. So my question is that what kind of a guarantee do we have that this will be done? The City has? What kind of a guarantee do we have that you're saying professional baseball rules imply here and will make sure that these things are in place? So what happens in two years from now if all of a sudden Drew Weber or someone else, whoever is there, can not meet these obligations? Are you saying that at that point the Eastern League will come in and try to merchandise this franchise to someone else so that it can be whole? Is that what you're saying?

Mr. McEacharn stated that's a good question. We come in first and foremost...there are penalties that can be imposed. Those penalties go right up to a forfeiture of the franchise. Obviously that is a last choice. The monitoring process lets us know long before there are real problems that things are starting to go south. As we continue to monitor, we then may impose additional requirements. We may need more regular reports, we may need their regular cash flow reports. One of the provisions in the lease has the City's baseball related debts, lease and anything associated with it, in the first four positions of priority being paid.

I have indicated that we'd like to do something about that, and why? You've given me a great reason to go up on my soapbox and tell you all of the benefits of what baseball does to a community and they go far beyond economic and I will save that for another day. But as it becomes apparent that there may be problems, the City has...the first protection in place is the three-year letter of credit that once it's in default the City is guaranteed in cash from a bank not from Drew, but from a bank, three years worth of payments. If anybody here is to suggest that Minor League Baseball or Major League Baseball would let that go on for three years, I can assure you, you're mistaken. By that time if that letter of credit was being drawn on for three years to operate a club, I can assure you after year one Drew would probably have people from both the League and Minor League Baseball in here operating the club with him and we would then be making a full investigation as to what is the best result and we start again for the City. That's where...you know we don't wait until three years is up and ask the question, and that's the purpose of the monitoring. That we know long in advance before things are going to get out of hand.

Alderman Thibault stated the thing that I'm looking at is that you also advocated to Alderman Wihby there were a few other questions that you were concerned about. Could you in fact elaborate what those might be?

Mr. McEacharn replied I'd pleased to. The most expensive lease in Minor League Baseball. Do I need to go on? And let me just reiterate. Make no mistake, the City, the administration, nobody, has let us in any way think that I could spend more than four seconds trying to get that out of my mouth before the answer is no. That's been made very clear to me. I've tried a lot of creative ways to try and get the question even to the table.

Alderman Thibault stated but I said there was a few questions. That's only one. What's the others?

Mr. McEacharn answered they are all based on the League being protected in the event that we assume the franchise and in particular those financial obligations. They all center on those financial obligations, that if the League has to take care of that, we're suddenly digging in our pocket for \$1 million a year and if that happens, you've got some very unhappy people. And I hate to say this on a personal not, but I'm probably out of a job.

Alderman Osborne stated I am one of the Aldermen that was against this from the very start. I just want to explain some of my concerns if the Board doesn't mind. I have nothing against the Eastern League, I have nothing against Drew Weber, they are fine people and I'm sure they're very good business people and business companies. If there's a largest word in the dictionary, you mentioned it before. That is the largest word in the dictionary. It's not that I dislike baseball, I played Little League, in fact All Star Little League. I was really good at it and I like baseball, even though I'm a Yankee fan. Basically what I want to get at, I just want to get a few of these concerns that I had over time, I have a lot more but I don't want to

take a lot of time, I usually only take five minutes. I'm wondering why so fast, so quick? We should have probably started in the smaller scale and study instead of running into so much money. Sixty-five hundred patrons? From where? Nashua can't even draw 2,000 with Ricky Henderson there. This is what always puzzled me. There is nothing in place for positive income; retail, residential, etc. Why vote on speculation, on such a huge liability? I mean these are just some of the things I had rolling around in my head. I don't know about anybody else. The City of Manchester should not be in the real estate business. We are supposed to be collecting taxes to help the taxpayers, not buying real estate with it. Why put the taxpayer's money on speculation again. The project would in time go ahead without investing in a stadium. Again, I have nothing against you Sir or Mr. Weber, I am just speaking for myself here. What do you do with a stadium, which you brought up, if it fails? What can it be used for and who will want it? How many taxpayers will invest large amounts of their money on speculation in today's economy. In my opinion we are moving too fast on economic development.

Alderman Lopez stated let me go back just to the comment that you made to Alderman Thibault in reference to both expenses. You're not indicating that if the Eastern League gets involved if this thing goes through, that you want to renegotiate the different numbers that our Finance people have come up with?

Mr. McEacharn answered I'm not indicating that in any way.

Alderman Lopez asked and no bearing on whether it's approved or not?

Mr. McEacharn answered we are reviewing the lease with the numbers that are in there and we assume that those are numbers that will be in there for the full term.

Alderman Lopez stated I just have to ask this question too. When Mr. Weber is negotiating with the City, didn't you know anything about it?

Mr. McEacharn answered no.

Alderman Lopez asked you knew nothing about his negotiation with the City of Manchester?

Mr. McEacharn answered I knew nothing about his negotiation with the City of Manchester.

Alderman Gatsas stated good evening Mr. McEacharn. How are you? I'm going to give you an opportunity that maybe we have the ability to reduce that rent so it's not the highest franchise in the Eastern League. Would you like that?

Mr. McEacharn replied I'm always willing to listen to any opportunity. As I'm sure as in private business you are as well.

Alderman Gatsas stated I'm glad you know my history. The master lease that you've been looking at my assumption is that you haven't seen that before the 15th of August?

Mr. McEacharn asked the master leasing involving...?

Alderman Gatsas replied all of the things we're talking about. That was signed on March 13th.

Mr. McEacharn stated I'm looking at...the lease we're talking about with 6 to 4 to 3 LLC is identified as a management agreement. There is a separate document is my understanding identified as a master lease with a development that would be aimed seriously at the retail development.

Alderman Gatsas asked you're talking about the unsigned document?

Mr. McEacharn replied I guess I'm just a little confused. I don't know...

Alderman Gatsas stated there's a management and operation agreement between the City of Manchester as real property owner and 6 to 4 to 3 LLC. That's the shortstop to the second baseman to the first baseman.

Mr. McEacharn stated I'll go to my briefcase I'll get what I have.

Walter McCabe with Ropes and Gray bond counsel to the City assisting them in connection with the baseball development project. The two documents that I believe Alderman Gatsas is speaking about is the management and operations agreement, which relates to the running of a baseball team at the baseball stadium. The second agreement, the master lease, relates to the rest of the real estate development, which was undertaken as a tax base supportive element for the stadium.

Alderman Gatsas asked so your understanding is that the lease that we're talking about that Mr. McEacharn has been alluding to for changes, is the unsigned document?

Mr. McCabe answered my understanding is that signatures are presently held by the Finance Department, however, yes it is the management and operations agreement.

Alderman Gatsas asked you're aware as counsel that we've been distributing an agreement that's unsigned and said that it's been unsigned. You're aware of that seeing that we've paid you some \$278,000 for legal advice.

Mr. McCabe answered no I have not seen what the Clerk or the Finance Department or other members of the administration of the City of Manchester may have distributed to the Board.

Mayor Baines asked Mr. Clougherty would you like to respond to this?

Finance Officer Kevin Clougherty stated I believe the document you're talking about is the one that we have the signatures in escrow for. Is that right Walt?

Mr. McCabe answered that's my understanding, yes.

Mayor Baines asked is that correct Mr. Sherman.

Mayor Baines stated let the record show that Mr. Sherman indicated yes. Please proceed.

Alderman Gatsas stated so basically this is for...the documentation that I received for legal fees if bringing into this mix I was going wait a while, but you're in it now. Joe relax for a minute because...

Mayor Baines interjected the only thing Alderman. We're here talking about the lease.

Alderman Gatsas interjected I understand that but I think Your Honor that it's pertinent to understand that our representation as a city on this matter has not been by the City Solicitor, but Ropes and Gray. They've prepared the documents, they've negotiated as it says in this billing statement for the City for various components of this contract.

Mayor Baines replied that's correct.

Alderman Gatsas stated now if that's the case, I understand that, and that means that we have an opportunity if there's something wrong with this contract that if there is a problem and there's a shortcoming, that we have an opportunity to come back against somebody. And I asked Mr. McCabe that obviously when we asked you for the ability to do a financial comparison or the ability to give us a financial understanding of the 6 to 4 to 3 LLC financial status, you said you weren't able to do that because of bond counsel. But it seems as though you've negotiated this entire lease and I guess I can look through the minutes of the meeting to give you your exact answer to me when I asked the question.

Mr. McCabe responded I believe it is my recollection is that I told you that that was not a legal interpretation, that was a financial interpretation and a lawyer would not be equipped to give you an analysis of someone's financial condition by looking at their financial statements.

Mayor Baines stated Alderman I am going to request that we go back to the discussions of the lease for which the meeting has been called.

Alderman Gatsas stated I've got my answer that I was looking for on the record.

Mayor Baines stated Mr. McEacharn want's to know how you're going to reduce the lease payment.

Alderman Gatsas replied I'm going to get there Your Honor and you might even be in favor of it too.

Mr. McEacharn stated I would like to be on the record as well sir that I am not authorized to form power to negotiate for Mr. Weber, who the agreement is with or on behalf of the Eastern League or anybody else and I'm not here to negotiate. What I am certainly willing to do is listen to any opportunity and the Eastern League's ears are wide open that if the City were to come up with measures that they thought were more protective, I can only remind everybody that time is of the essence.

Alderman Gatsas stated so then there are some hypotheticals we'll entertain.

Mr. McEacharn replied I'm not willing to entertain any hypotheticals. If you want to make a proposal that you feel offers more protection to the City and that the Eastern League can live with, I'll take it, but I can only tell you this sir, time is of the essence and we're not here to negotiate. We're here to find solutions to make a deal to bring the best damn thing that will ever happen to this City and if you need to question whether baseball will be good for this City, I suggest you come visit my hometown of Portland, Maine or any one of our successful franchises, Altoona, Reading, all small towns that will be successful.

Alderman Gatsas asked going down that avenue, are there any cities that have not wanted Eastern League baseball in their city and refused to take a franchise?

Mr. McEacharn answered none that I'm aware of.

Mayor Baines stated okay we should keep focused on the lease.

Alderman Gatsas stated let me give you a question that certainly has transpired in my mind. That the team comes in, starts operation, we have a letter of credit from a bank, and for some reason in two years its not doing well and certainly I don't want to see that happen. But for a second, let's assume that that's the problem. Let's say a line of credit or the letter of credit is worth some \$2.5 million, or \$2.7 million, whatever that number is. And let's assume that the risk to the City is somewhere around \$2.5 [million] and the Eastern League comes in and takes over. At that point according to what I've seen for the changes that the Eastern League

is looking for and help me if I'm wrong, is that at that point the Eastern League is looking to renegotiate the lease at that time. Is that correct or incorrect?

Mr. McEacharn answered incorrect.

Alderman Gatsas asked can you give me the correct assumption then? Or the correct understanding of what that is?

Mr. McEacharn answered if in the event there becomes financial difficulties, and please keep in mind that would be the ultimate disaster. It doesn't happen, but we are prepared for it, more prepared than anybody and again for the protection of the City. In the event that Drew goes in default on lease, the City immediately can begin drawing on the letter of credit, make all debt services payments up to \$930,000 a year, and that letter of credit would be good for three years. If Drew is in default on his lease and the City were drawing on the letter of credit, the League would become involved the minute we got notified that the City had invoked that right. We would then become very actively involved with Drew in an attempt to right the ship and make it what it will be and that is a winning situation where everybody gets paid and if there are losses to be incurred, they will be incurred by the owner of the franchise. If after three years of that under your scenario...

Alderman Gatsas interjected I think you misunderstood me. Let's assume that the line of credit has already been drawn down when the Eastern League comes in and it is vacated and empty at day one.

Mr. McEacharn stated that won't happen.

Mayor Baines stated that would never happen. He just outlined his scenario that that would not happen. They would not allow that to happen.

Mr. McEacharn stated the day the bank notified us, and let me assure you Mr. Weber will have other creditors that will be calling my phone and leaving my messages and if I don't return them, they'll call a second time. They will get a hold of me and they will inform me that Drew is in default on both a loan or on his letter of credit. Once that letter of credit gets touched by the City, we'll be the first ones to know.

Mayor Baines stated that's what I thought you said.

Alderman Gatsas stated so let's assume that at the end of three years at that point there's nothing left and the team is still...at that point the League takes over the team and we can't come to a negotiated agreement on the lease, or renegotiated agreement because I believe you're looking to renegotiate that lease if Mr. Weber goes in default.

Mr. McEacharn stated and I'm going to take us right back to my first point about the liquidity of the franchise. That if we are unable to sell the club, if our hands are tied such if we couldn't sell the club, remember at that point, we're not interested in whether the franchise owner makes money on the sale or sustains a massive loss. At that point, and I can assure you that point would come along before three years, at that point, there would be a fire sale, and I can assure you there are bottom feeders out there every day that would come in a buy the franchise at a fraction of it" value simply because they got a good deal and it would be at Mr. Weber's expense. And at that point, as I understand this, that franchise owner would then be operating under the terms of the lease that you are currently operating under. It is such a far fetched idea to suppose that three years down the road that Eastern League was still operating the club and that we would then want to come to the City and say in good faith negotiations with our books wide open, gentlemen we're hemorrhaging, we need help because by that point we would have gotten out of it and that's why we're insisting on the personal guarantee be removed because that we would not be able to take that option and if it ever got to that point, the City would be giving up all that is good about baseball. The charity, the community outreach, the goodwill.

Alderman Gatsas stated I don't know what that's done. If there's a fire sale and they want to move the team, there's no obligation to keep the team here. Isn't that true?

Mr. McEacharn answered that is not true.

Alderman Gatsas asked the Eastern League is guaranteeing this City that that team will stay here for 20 years?

Mr. McEacharn replied we're not guaranteeing anything. I will guarantee you this. You have the lease. If there is a fire sale sir, they come in, they're still obligated on the lease, we need to approve any relocation, we're not going to approve a relocation where a city gets stuck holding the bag. It's very easy to just continue to try to shoot holes into what is the most tremendous deal and to try to find the worse case scenario.

Alderman Gatsas stated I'm not looking for the worse case scenario. I'm like you. I've lived in this City all of my life. I'm looking to protect the City. So I guess I should give you the opportunity or as you said an opportunity. I guess my concern is that a lot of this deal on baseball fringes on \$100 million worth of development. I'm sure you're aware of that, but that doesn't have any implication on the Eastern League.

Mr. McEacharn stated I don't understand that to be correct sir.

Alderman Gatsas stated if he doesn't understand as that being correct, the \$24 million Your Honor is encumbered by \$2 million a year in debt services. We're only getting \$750,000 from baseball. The balance is coming from a development. Isn't that true?

Mayor Baines stated I think he's given you the answer to his question. I think if you have additional questions please proceed.

Alderman Gatsas stated I don't know. If you don't understand it, that's...

Mr. McEacharn stated I'm sorry for interrupting, you can continue.

Alderman Gatsas stated the City has a \$2 million risk.

Mr. McEacharn stated I've read the numbers with them and it's slightly under \$2 million. You are correct.

Alderman Gatsas stated and \$750,000 of that is coming from baseball.

Mr. McEacharn replied that's incorrect. \$930,000 sir. Plus a participation payment if necessary. If that's insignificant to you, we'll gladly reduce it. We'll gladly take it out of the lease.

Alderman Gatsas stated Your Honor I guess I haven't finished my comment but I guess this is just...

Mayor Baines stated no I'd like to give other Aldermen a chance to speak and then...I have never shut anybody off from speaking, but other Aldermen are waiting and I think you've had the floor for about ten minutes. I'll gladly come back to you.

Alderman Guinta stated I want to get back to some of the comments that you made earlier. Specifically accounting practices and principles that you referred to. I think you mentioned a certified formal financial statement. You said that...I don't know that that actually exists.

Mr. McEacharn stated it does exist under baseball rules.

Alderman Gatsas stated under baseball rules.

Mr. McEacharn stated a specific financial statement regarding the revenues, expenses, income of the club is filed with the National Association office as a requirement of Major League Baseball for the continued monitoring of financial success of the franchise.

Alderman Guinta asked so when using general accounting principle terms is it more along the lines of an audit or review or compilation? These are very different standards and I just want to be very clear what standard the League is using.

Mr. McEacharn answered it's certainly not an audit. An audit is authorized in the event that the equivalent of a statement is filed that raises concerns. And I can assure you that any club that is losing money, that is a reason for us to go in and find out why and sometimes there are very good reasons for that.

Alderman Guinta asked Minor League Baseball requires this financial statement?

Mr. McEacharn answered as a part of our obligation to Major League Baseball. It actually falls within the Major League rules, that Minor League Baseball is required to do this of all franchises and that is because of the association between Major League and Minor League teams.

Alderman Guinta asked Kevin, I've never heard of a certified formal financial statement. Does that exist?

Mr. Clougherty replied yes. I think what baseball requiring of their owners and of their franchisees is really what most corporations are going to be required to do as a result of their filings with the FCC. Where you have the CFO's and others certify that the information that they're providing is accurate. That hasn't happened in the past, with the exception of some of these organizations. Once they certify to authenticity of the information and take responsibility for it, it goes to the League. A reason that they think there's a problem they come in and they do an audit of it. But right up front the teams have to provide information in the format that the League is requiring so that they can monitor.

Alderman Guinta stated well I guess I'm trying to figure out what goes into this financial statement. Because as far as I know general accounting principles does not define what you're defining. So to me there might be two completely differently...and maybe I'm just mincing words here, but I want to be very, very specific.

Mr. McEacharn stated you may be correct. I don't have any accounting background. I can tell you that the forms that were devised were created by Major League Baseball and the National Association office beyond our office. And those forms are required of every national association club.

Alderman Guinta asked so it's Minor League Baseball that performs this or creates the statement? It's not an independent auditor?

Mr. McEacharn answered that's correct. Minor League Baseball, with their outside financial advisers, creates this and to be perfectly honest with you it's been in place for so long that it precedes me. I do know the actual process of how the document was created, but it is a measure of revenues, expenses, where the revenues and expenses come from and net operating income.

Alderman Guinta asked and who is privy to that report? Do you supply that report to the City of Manchester, for example?

Mr. McEacharn answered no.

Alderman Guinta asked so that's an in house report?

Mr. McEacharn answered that's correct.

Alderman Guinta asked is there a provision in the lease for the City of Manchester to audit the financials?

Mr. McCabe answered yes, there is a provision. You are required to receive each year public accountant certified financial statement and you have a right to audit them. It's in 263 of the management contract.

Alderman Guinta asked and that requires a specific type of opinion? Correct?

Mr. McCabe answered yes it does.

Alderman Guinta asked so we would be looking for an unqualified opinion?

Mr. McCabe answered yes. That's correct.

Alderman Guinta asked and what happens if we don't get an unqualified opinion?

Mr. McCabe answered then the Manager would be in default under the agreement and you could exercise your remedies.

Alderman Guinta asked we can exercise?

Mr. McCabe answered your remedies, which would mean...one of them is you have a right to go in and audit and find out what's going on with the books. You have that right regardless, actually to confirm yourself that you're comfortable with the books. You would also have the right to call on the letter of credit and on the guarantee to the extent of the damages suffered as a result of falsified financial statements.

Alderman Guinta stated and I suspect at that point we would notify the Eastern League that our audit is not unqualified.

Mr. McCabe replied presumably you certainly could, yes.

Alderman Guinta stated and it would make sense that we would do it though. Right? In that situation that means if it's not an unqualified opinion, it would suggest that there's a financial implication, a problem in a certain audit year.

Mr. McCabe answered yes. If you saw that there were financial statement questions and they were not easily answered, I would presume you would bring that immediately to the attention of the League, since the League would have the same interest that the City does, which is getting to the bottom of where the financial problems were.

Alderman Guinta asked so Joe if you're certification process raises a red flag at Minor League Baseball, does it go higher than Minor League Baseball? That report. Does it go to Major League? Forget that question. Let's assume that it presents a red flag. Is the situation that would then exist that the League would then request or require an audit, or would you look to our audit?

Mr. McEacharn answered we wouldn't jump the gun. We would do an in house investigation. We have done this before. There have been red flags. We would do an internal investigation. That investigation in the past consisted of a group of three members of the League, typically very sophisticated financial field with a great deal of knowledge about baseball operations so that they can read and understand baseball numbers more clearly, more accurately than somebody else. It would include myself, we would have in the past demanded audited financial statements and full access to their financial books over the last several years and we would then look at that, we would look at the operations of the team from concessions to advertising, sales to the stadium, then come back, make a determination by the committee of whether there is reason for concern. Certainly the first call would go to the City. Any problems with the lease payments, you notice anything, maybe the facility not being...maybe it's on the fine edge of whether the facility maintenance is where you want to keep. The facility needs to be clean. As a member who gets around to all of the parks, I can tell you cleanliness and maintenance of the park is as important as any part of your aspect. It's family entertainment. If it's dirty, I wouldn't want to be there.

Mayor Baines asked is the relationship that you describe is similar to, and correct me if I'm wrong obviously and I know you will because I've been dealing with you long enough, the relationship that somebody has a McDonald's franchise, that they're an owner. That you have that same relationship with the franchise owner that in your League you expect certain standards to be followed and if they're not followed, the League has a very important role in that?

Mr. McEacharn answered absolutely. I can come down. I can walk through a ballpark. I'll get know your ballpark very well as it's being built and as it's up, and I'll be able to tell you

in three years if you're at status quo, I'll be talking with the team. Say status quo, come on guys, you never build the perfect ballpark. You'll be making changes. There will be changes going on all of the time at the owner's expense, but to his benefit as well. If the park starts looking dirty, if you start thinking it might be a little bit understaffed, you go in and speak with the club. The last time that we engaged in this investigation was not a result of being notified by the City that the lease was in default or anything else, it was a result of a phone call from a vendor over \$3,000 and they hadn't gotten phone calls back or letters back and they hadn't been paid, it has been 60 days and that's what began the process and as you're looking at the park, you can see things are being neglected and when that happens all it takes is one phone call, one red flag for us to jump on it and I can tell you the particular organization that investigated were none too pleased with the fact that we would call into question their operating practices, much like political suicide if you will. But it's a necessary and it's important to the other members.

Alderman Guinta asked Tom can you refresh my memory regarding...let's create the scenario that for whatever reason Mr. Weber files bankruptcy. If a bankruptcy is approved, doesn't a judge or a judgement absolve that entity of paying its debts?

City Solicitor Tom Clark answered again that's sort of hypothetical, but at times it does. It depends on what the debts are. If it's a reorganization he has to file a plan and follow that plan. The trustee also has to make a determination whether or not to assume the lease or to reject it, and are serious options it could happen.

Alderman Guinta stated and I guess I want to be clear. We're talking about a personal guarantee and what happens regarding a personal guarantee if there's a scenario if bankruptcy occurs. I mean that's one of the scenarios we're talking about. So I want to make sure that we are...if we're going to continue down the road of requiring a personal guarantee, which then would require an owner to file bankruptcy, where that actually leaves the City. I think we all need to be very, very clear in that could pose a situation in which we actually lose out on lease payments. Now in that situation the League immediately steps in.

Mayor Baines asked Joe would you like to respond to that.

Mr. McEacharn stated I'm not a bankruptcy attorney and I really didn't want to speculate too far. I have sought out some advice from bankruptcy attorneys regarding a number of different scenarios and in relation to some of internal things we're working on. In a nutshell I've been told there is no way for any entity, whether it be the League the City or any personal businessman, to protect their interest once it goes into the bankruptcy court. The bankruptcy state will make all of those decisions. There's a very strong likelihood that the lease would be rejected. There's a very strong likelihood that the debts would be left. Your personal guarantee if it gets to the bankruptcy stage is...I'm not qualified so I want to make that clear, I'd say your personal guarantee by logic would be worthless and I would only

describe one other scenario because we have investigated this with Major League Baseball, we have a contract with Major League Baseball, we are required to fulfill certain obligations. One of those obligations is Minor League Baseball as a whole is required to field X number of teams and Major League Baseball is required to support those teams. Major League Baseball is required to field at least one AA team but no more than one AA team. Minor League Baseball is required to field an AA club for every Major League team. In the event of a bankruptcy and we don't...let's just say we were left in a position where the bankruptcy court did not want to put anybody in a position to operate the club, an option that is available to Minor League Baseball, and ultimately to the Eastern League, is to add another franchise, because we have the obligation to field a club until such time as it can be resolved. We will field 12 teams in the Eastern League and to that point only or previously, we have an obligation and we are required under Major League rules, that in the event the club is not able to fund itself and operate, the Eastern League is required to step in and fund and finance the club.

Alderman Guinta asked explain to me why we couldn't include the personal guarantee, remove it if the Eastern League is required to take over the management of the League and then reinsert it to a new owner? Why couldn't we do that?

Mr. McEacharn answered it all goes to the liquidity of the franchise. What we want to do...

Alderman Guinta interjected the scenario that the Eastern League has to take over, that's what you said earlier. You said that it goes to the liquidity, so in the event that Mr. Weber has to forfeit the management of the team, could we not insert a provision in the lease that removes the personal guarantee from the next entity that takes over, which is the Eastern League. Thereby creating or sustaining liquidity. Then while you were pursuing other owners, future owners, reinsert the provision, which in my mind would sustain the liquidity of the asset.

Mr. McEacharn replied there is no person or persons or entity that I am...

Alderman Guinta interjected there's one sitting right here. He did it. So there's one. And again, this is just a back and forth. I understand the position that you're in in trying to protect the League.

Mr. McEacharn stated a Minor League team that has a personal guarantee with it attached for any transferee, assignee, whatever you want to call it, non liquid and will not be sold. That's the position we're taking. If acting off from that and we have good reason to and to suggest that the League could take over the League without the personal guarantee and then we could sell it to a third party I can assure you that while this particular instance there may not have been the accurate reading and understanding of the clause. Any qualified buyer under Major League Baseball and National Association rules would certainly understand that they were

buying the franchise with the lease that required a personal guarantee and then you're simply putting them in a non liquid position and we start the whole mess all over.

Alderman Guinta stated the last point. It's all tied in. Could you envision a scenario whereby the Eastern League...what you're saying is, this is a deal breaker. So you're coming to the City and saying you've got to remove this clause. To me there's another option which would be rather than come to the City and request the removal of the clause, the Eastern League could go to Mr. Weber and require an additional escrow account to satisfy an additional period of time of personal guarantee finances. Why is the League not opting to take that route with their incoming owner as opposed to what the League is requesting, which is directed at the City.

Mr. McEacharn replied I'm not at liberty to discuss the internal mechanisms that we are attempting to apply for the protection of the City and the protection of the League, so I really can't comment on that. I can tell you this much, that we are taking extraordinary steps unheard of in Minor League Baseball to this date to ensure the protection of the City and the protection of the League given the burdens of the lease.

Alderman Garrity asked Joe there's been some discussion at the Baseball Panel level about your team in Oregon and it's experiencing some problems. Can you tell why that's happening and what steps the League is taking?

Mr. McEacharn answered I'm not fully familiar with that. I know it as a member of the Council League Presidents of Minor League Baseball, which there are 15 of us and I have spoken with the League President, Branch Ricky on several occasions regarding it. It is a situation where you have a very burdensome lease, and I referred to this one as the most expensive lease earlier and I'll stand by that in that it is the highest guaranteed minimum payment. They have a situation out there where there's been an extraordinary amount of money put into a renovated facility and that facility has not stood up to the modern era of state of the art and you find this very funny but it is a beautiful old facility and its just wonderful to look at. But in Oregon if you're in the seats, there's a roof over it and all it does is drive the weather and the rain right under the seats and they hadn't anticipated that. That's created a problem. They are fairly successful playing in a 25,000-seat stadium; they draw in the neighborhood of 7,000 to 8,000 people a game. There's also Major League Soccer, I'm sorry I'm sure if it's Major League Soccer, but they have professional soccer and the ownership group went way out on a limb for the renovations to the facility, for their lease payment to the City, for the purchase of the club, the purchase of the soccer club, and they've got themselves so deep in debt that there's not end in sight for them. Some of the investors have just fled. They've turned the club over one time, it was sold by the son of a former NBA owner and it was sold to a group of unknowing, unwitting investors who thought it would be cool to own a baseball club, unproven operators, and the Pacific Coast League at this time is deeply involved and very close to taking ground breaking steps out

there in regards to it. The pension fund that funded a lot of it is now in charge of the cash flow, neither the City nor the pension fund is being repaid at this time. They are paying baseball related debts for the purpose of keeping the club operating.

Alderman Garrity asked Portland's not receiving their lease payments? Is that right?

Mr. McEacharn answered as I understand it at this time, and that's secondhand information, but yes.

Alderman Pinard stated Joe just hearing everything else, the New Haven ball club, now is that part of the Eastern League?

Mr. McEacharn answered yes, it still is.

Alderman Pinard asked why are they selling or why are they going out of baseball, and what is the reason? I mean we haven't been told that and I think its very important that we know why a team wants to leave a city to come to another.

Mr. McEacharn answered they are leaving for a number of reasons. Primarily it's the franchise owners' choice. But why is it the franchise owners' choice, they have not been supported to the degree that is necessary for financial stability. That said, we point the blame at ourselves first. It starts right here; it starts with our office and our Board of Directors. It went to the ownership; it was a mismanaged team that's been run into the ground. I'm still bullish on New Haven. Unfortunately they play in a 90-year-old facility; they have bathrooms that many of you would not go into. The concession stands that can not support more than 400 people. It's designed for Yale field, it has paint chipping all over the roof, the field is in terrible shape, they have to share it with Yale baseball, mismanagement first and foremost, facility second.

Alderman Pinard asked how long has the Eastern League been in New Haven?

Mr. McEacharn answered 10 years.

Alderman Pinard asked and it took 10 years for you people to decide that the place was not fit for baseball?

Mayor Baines asked do you have a response to that?

Mr. McEacharn replied we knew five years ago that the facility was causing us trouble and that the management would eventually be a problem. Five years ago the management changed, the leadership of the team changed and when the ownership made the decisions

they did, we very shortly thereafter began watching them. When it came to a head that they chose to sell out at a profitable, at a very profitable number.

Alderman Pinard asked what happens now if the City does not approve...say that if the City of Manchester does not accept it? What happens in New Haven? What happens at the Eastern League? Have you got another home to go besides Manchester?

Mr. McEacharn answered that's an internal business matter I'm not willing to discuss and furthermore we are very much prepared to be back in New Haven in 2004.

Mayor Baines asked is anyone that hasn't spoken wishing to speak before I go back to some of the other Aldermen.

Alderman Forest stated I just have a comment but after that it's a question for Joe. As far as the New Haven team, are they just going to get up and leave and walk away from New Haven?

Mr. McEacharn answered yes, after they write a very large check to pay off all remaining debt and the remaining term of the lease, which is substantial.

Alderman Forest asked wasn't Mr. Weber required by Eastern League Baseball to pay the debts of that team before he took them out of New Haven?

Mr. McEacharn answered he was required to pay the debts prior to closing on the sale of the club.

Alderman O'Neil stated Joe, I just want clarification. You used the term specifically highest minimum guaranteed payment in Minor League Baseball. Is that Eastern League only or all...you mentioned something about ten or twelve minor leagues?

Mr. McEacharn answered in the research I've done, and that has been through Minor League Baseball and Major League Baseball, it's the highest guaranteed minimum payment. I will be honest with you, there are two AAA clubs that eventually at the end of the day end up paying more than that and they pay just over \$1 million, however, it's somewhat of a convoluted schedule and it is based on a ratio of often times it is more typically a minimum payment with a fee per ticket sold applied and those stadiums are...additionally some of them will share a naming rights. But again, the guaranteed minimum is not over that and only with success of the club does the payment go up. Those stadiums are typically...we're talking about 15,000 seats, state of the art facilities.

Alderman O'Neil asked approximately how many teams were in your survey?

Mr. McEacharn answered all of Minor League Baseball.

Alderman Garrity asked how many teams? Ballpark? More than one hundred?

Mr. McEacharn answered you put me on the spot. I should know how many teams are in Minor League Baseball. I believe the number is probably closer to 160.

Alderman O'Neil asked so this would be the highest minimum guaranteed payment of 160, or even take out the two AAA's, 158 Minor League operations in this country?

Mr. McEacharn answered that's correct.

Alderman Shea stated a couple of general questions and then I'd like some more specific questions to be answered. But the first is you have indicated that you are not aware until a late date about Drew Weber's agreement with the City. I believe you mentioned that.

Mr. McEacharn stated I'm sorry. Drew Weber's agreement?

Alderman Shea replied yes. Had that happened before with any other franchise in your tenure as the Commissioner or is this a first?

Mr. McEacharn answered this would be the first in the term of my time as Commissioner.

Alderman Shea asked how long have you been Commissioner?

Mr. McEacharn answered this would be my first year.

Alderman Shea asked you have something with the franchise up in Portland too, right?

Mr. McEacharn answered I have been with the League serving as its Vice President I believe for seven years and in those seven years yes this would be the first time. But what is not unusual and what is standard is that when we receive a relocation application it is required to include a number of these documents and when we receive these documents is when we received our relocation application. Drew has been a reputable operator and a very good operator and he purchased the club with the intention...we permitted the sale...we approved the sale of the club with the intention of keeping it in New Haven and we did that because we did not have any of the information from Manchester and my only understanding is that it was unavailable to us at this time. We don't ask for it until we get an application to move. That's when we start asking questions.

Alderman Shea asked how many teams are in your League?

Mr. McEacharn answered twelve.

Alderman Shea asked how long do teams normally stay in a community? I know your plight as Commissioner, I don't mean this in an insulting manner, but you probably weren't privy to that information, but to your knowledge how long does a team usually stay?

Mr. McEacharn answered I'd say there's no standard response to that. I could take you team by team through our League, and one of the reasons is that over the years we have increased from eight teams to twelve teams because the Eastern League is such a desirable league. The Texas League is still eight teams. When Major League Baseball expanded, we went from originally eight to ten and then the next expansion we went from ten to twelve and every league is vying to get those franchises. They were awarded to the Eastern League each time. So, four teams right off the bat we can say have been in their city for ten years or less. The other eight teams range from ten years to 40 years. Understanding that you have to take into consideration that over the last 10 or 15 years there's been a tremendous change in the industry of baseball. It was 10 or 12 years ago, I should say 15 years ago, 20 years ago at most, these franchises were \$50,000. I can speak personally to a franchise that is now the Harrisburg Senators. Back in the early 80's they could not find a buyer for \$50,000. I can only tell you that in 1994 that same franchise that my father refused to invest \$10,000 in was sold for \$6.8 million and remind him about that on a regular basis. The landscape has changed. Ten or 12 years ago there was a tremendous growth in stadium projects by cities across the country and our attendance reflects that. The popularity of Minor League Baseball is booming and continues to boom. For those teams 10 or 12 years ago that moved into new facilities, the Binghamton Mets, the Trenton Thunder, they are there, healthy, vibrant and for what could only be considered the long-term foreseeable future, they are not going anywhere. And this is a situation where if it's a winning situation for the City, the team is there forever. You can look to Reading, Pennsylvania that has an older facility that they've been there forever and they are our most successful club.

Alderman Shea asked have any teams to your knowledge been involved in a simultaneously type of financial arrangement? In other words, as Alderman 2 indicated we have two documents here. One has to do with the baseball situation and the other has to do with a Riverfront Development. Is this indigenous to Manchester or are there other communities to your knowledge that have a similar arrangement?

Mr. McEacharn answered there are other situations, I'm afraid I can't recall them. They are not in the Eastern League, however, there are analogous situations, and I'll use Akron, Ohio, a facility that was built in 1997. In great part with a lot of State aid. It's \$35 million facility, state of the art downtown, and the city often times makes significant investments in the surrounding area to redevelop an area. In Trenton, New Jersey, after the ballpark, an arena, parking garages, a shopping mall, but none that I am directly aware of. However, I do know

that there are situations that exist like that in Minor League Baseball, it's somewhat unique, no doubt.

Alderman Shea asked to your knowledge are there commonalities between developer and baseball owner in these communities or are they separate entities? The baseball owner is Mr. A and the developer is Mr. B? In other words, we do have a close affiliation between the baseball personnel and the developing personnel for the Riverfront.

Mr. McEacharn answered to be honest with you I would really have to look into that. I can't give you a qualified answer. I don't know the answer to that.

Alderman Shea stated my last question to you is let's assume for the sake of discussion that tonight the vote is not to support...in other words, to go along with the original contractual agreement and you go back to the owners. In your judgement does that make the situation null and void or does it in your judgement will the owners change their mind and say well Drew Weber is on the hook for quite a bit here and therefore we want to respect his integrity and so forth? Are you in a position to answer that?

Mr. McEacharn replied I would very much like to answer that question. This is a deal breaker, and let me tell you on a number of levels. I can speak and I'm not speaking for anybody's vote within the League, but as you can imagine I am in touch and have been in touch somewhere around 14 hours a day for the last couple of weeks with a lot of our owners and I know what the feeling is, and I know these steps that I am taking outside this, those internal measures that I've discussed in an attempt to get us over the hump, this is a deal breaker and I have to tell you that I can show you the truth of that if it does not happen tonight I will strongly recommend to the Eastern League that we vote no on this and I'm very confident the League Directors will go in the direction I want them to go.

Alderman Gatsas asked Joe when did you receive the relocation document?

Mr. McEacharn asked relocation application?

Alderman Gatsas answered yes.

Mr. McEacharn answered somewhere between July 11th and 14th. I'd have to look at a calendar to be specific. But I believe it was that time.

Alderman Gatsas asked when was the first time that you made City staff or the Mayor aware that the Eastern League had problems?

Mr. McEacharn answered I don't mark those things on a calendar. It's been an ongoing process.

Alderman Gatsas asked since July 14th?

Mr. McEacharn answered no.

Alderman Gatsas asked since July 30th?

Mr. McEacharn answered we couldn't...I don't take these things...pick this up, go home and announce it. It's a process we go through and I want to tell you, give us the right to have due process in our League. You've taken it, you've created this agreement, but what we did was we got the application, we have a CIT Committee within the Eastern League. We had an All Star Game meeting where there was some very brief discussion but at that meeting, and that would have been July 15th or 16th, the application in its entirety was distributed to each Eastern League Director. So on July 16th each Eastern League Director had an opportunity to get it. At some point down the road in the reasonably near future, we then began to talk about it. We convened numerous, several, a few CIT Committee meetings via phone, etc., etc. and through email to begin the review of the process. As those concerns became more and more to light, they became more and more on the surface. At some point I sat down with CIT Committee members and we had discussion with other members and we said okay these are our concerns about this, now is the time to let Drew and/or the City know that we need to talk about this. It's part of the application, it's part of the application process, it's very standard.

Mayor Baines stated and let me also answer this question because I know exactly where that question is going. As soon as I had something from the League that I could present to the Board, it was presented to the Board, and any effort to chronicle some magical time where we had something back to the Board is non-existent. It just does not exist and I'm offended by any reference...

Alderman Gatsas interjected Your Honor, I just asked the question.

Mayor Baines stated the question when did you know and what time did you know it...

Alderman Gatsas interjected he's the one that said it.

Mr. McEacharn stated if I could take just a moment. We have had discussions with the City since the day that I sent you a written memo explaining what our concerns were. I'm not privy to what you people distribute amongst yourselves. I don't want to know nor are you privy to what I distribute or when I distribute amongst my members. You don't want to know. But I can tell you this much, there aren't any negotiations going on with the City, there aren't any back door deals being cut, what there are is an expression and a discussion, it's called due process. It's what happens in your administration, it's what happens in the

League, and quite frankly please show me the respect and have the dignity not to draw me into a political dogfight. I know it's election season, I didn't just wake up. I don't know what's going on, I'm not going to imply that's what it is, but please if that's what this is about, have it out after I leave. I think that's only fair. I've been fair with you. We have a process that we've been through and that's all we're doing.

Alderman Gatsas stated Joe I'm not trying to drag you into any dogfight, you're the one that said that you received a relocation document.

Mr. McEacharn interjected I'm not going to continue going through our past with you.

Alderman Gatsas stated I merely asked when you received it.

Mr. McEacharn replied okay what's the purpose of your question?

Alderman Gatsas stated well because we voted on a bonding situation some time in June. These documents were signed in February. There is a pertinent difference that if that conversation that was happening sometime before June, that we weren't told about it.

Mr. McEacharn interjected there's been no conversations prior to...

Alderman Gatsas stated I just asked. Now I think I'm showing you some dignity, I think you should show this Board the same dignity.

Mr. McEacharn stated you're correct on that.

Alderman Gatsas stated you made a statement saying that you would know this ballpark better than probably we would, because you'd be walking through it and you'd understand it and you'd have a feeling for this park. And I guess I go back and say what happened to the feeling in the New Haven? It took you five years before you were uncomfortable?

Mr. McEacharn answered no. Since the day I joined the League I was uncomfortable in New Haven.

Alderman Gatsas stated but you said as soon as you felt uncomfortable seeing that there wasn't maintenance that the Eastern League would step in to protect the City.

Mr. McEacharn replied and we did. The City was paid in full, all baseball related debts were paid in full, the lease will be paid off in full. In fact it's a windfall for Yale University, they are being paid far greater than the amount owed.

Alderman Gatsas stated there are eight, I think there are eight, eight or nine, recommendations that you sent that you wanted to see for changes, or seven. Six of them have been changed by the Committee, or seven of them have been changed, and the eighth one is not. Is that a deal breaker? There's one that was voted by the Committee not in favor of it. Is that a deal breaker?

Mayor Baines stated that's gone. That's been taken out.

Mr. McEacharn stated issue number one was a deal breaker and I guess I just don't want to get caught up in misunderstanding you. I don't understand that every observation I made had been addressed and changed, however, for the question at hand, yes the personal guarantee requirement is a deal breaker. I can point to one other suggestion that I had made and that was allowing the franchise to participate in excess development necessary to pay off the debt service and my understanding, it was made very clear to me that don't bother talking about that.

Alderman Wihby stated just for the record, the Aldermen have that list. There was eight suggestions made by the League, eight suggestions made by City Finance, the Committee passed one, two, three and the last four, number four was the one that we didn't pass, that's been withdrawn today, so there's only seven in front of us and number one is what Joe is talking about as far as changing the language and eliminating the guarantee for the second club, rather than making the second club have to get the guarantee.

Mayor Baines stated I appreciate the clarification.

Alderman Smith stated I think we should continue to have an open mind in this process. We've gone through its just like negotiations. This gentleman came before us, he's been up front with us, and I think we should go along with the recommendations of the Committee and move on. It's a due process and if it goes to the Eastern League officials and they deny it, back on September the 2nd then we can move on. We have no obligations as far as I'm concerned. So I think that if we just move on and take the lead from our Chairman Wihby's committee.

Mayor Baines stated what I would like to suggest Alderman Garrity was going to be recognized to follow up. After Alderman Garrity I'd like to ask Mr. Sherman to come up and explain the wording that we're going to be asked to consider, put that on the floor as an issue that would substitute that language for the language before you in the Committee, take a vote and then take a motion on the entire plan.

Alderman Wihby asked could we have a recess first before we do that?

Mayor Baines stated I think that might be a good idea. So why don't we allow Alderman Garrity to speak and then we'll take a brief recess.

Alderman Garrity stated Joe, League issue number 4, I realize that the baseball panel shot that down. Is that still a concern for the League and is that going to sway the vote with the League owners if we don't reduce the minimum payments?

Mr. McEacharn answered I don't want to mislead you. The guaranteed minimum payment is a concern of the League. Is it a deal killer? No. Is it guaranteed that it will pass? No. But we threw that in there, we're trying to attack things a number of different ways, that was one way that we said that's one angle that you can take, that's not an option to us, so we're going to explore other options, and no its not a deal killer in the sense that the personal guarantee will be.

Alderman Garrity asked are there any other issues that the League plans on bringing to this Board before the vote on September 2nd?

Mr. McEacharn answered there are no issues that I am currently aware of and I can not imagine the Eastern League at this point coming back to the Board before Tuesday and seeking a change.

Mayor Baines called for a five-minute recess.

Mayor Baines called the meeting back to order.

Mayor Baines stated this is what we're going to do here. I am going to have Randy and Walter explain the wording of the amendment and how it is substituting language in the report that's coming back and reaction to the Committee report. I am going to call for a motion to accept that amendment, get it seconded, have discussion, and then pass or defeat that aspect of it. Then I'm going to ask for a motion to accept the remainder of the report with that amended language. That's the plan. Please proceed.

Deputy Finance Officer Randy Sherman stated let just say, what you have in your package that the City Clerk sent out to you. On the cover it's listed as Item 3, but in the package I don't believe they're numbered separately. It's entitled the first amendment of the management and operations agreement. Based on what Mr. McEacharn has certainly has indicated tonight, Walter has redrafted that item and it was handed out by City Clerk, it says replacement on the top, just so you can distinguish the two documents. In two seconds here I'm going to turn this over to Walter and let him walk you though this first amendment item by item so everyone understands the Committee action that was taken and how its been addressed in this document. The only thing I would point out if you turn to the second page you'll see there are some hand marks on that page. The items that are underlined are the

items that have been added to what was sent out to you originally by City Clerk and then the items at the bottom of the page we've got two triangles there are the items that were deleted from the original proposal.

Mr. McCabe stated that's correct.

Mr. Sherman stated what we tried to do is provide the Board with the original document and show what the mark ups were.

Mayor Baines stated so you're talking about 2.6.

Mr. Sherman stated so under 2.5 you'll see there are some items that are underlined, those items were added to what you had been sent yesterday, and the items under 2.6 that are not underscored but are between the two paragraphs are what has been deleted. At this point I'll turn it over to Mr. McCabe and let him walk you through the replacement version of the document.

Mr. McCabe stated let me start on Page 1 and what I will do as I walk through the paragraphs in the amendment is go back to the summary of the Special Committee to indicate which issue is covered in which point.

Mayor Baines stated there's a misunderstanding. We're going to deal with this issue first. The change first, okay that's been explained.

Alderman Forest moved to amend the report substituting replacement language for the First Amendment of the Management and Operations Agreement. Alderman Thibault duly seconded the motion.

Alderman Wihby asked now this is 2.5 that you're talking about. This is actually number one that the Committee took that the League is saying if not changed we might as well forget it.

Mayor Baines replied that's correct.

Alderman Gatsas stated we were sent an agreement or a copy when? Yesterday?

Mr. Sherman answered the City Clerk sent it out yesterday. It was the entire document sent out by City Clerk.

Alderman Gatsas asked on the 26th? When was the 26th?

Mayor Baines answered yesterday.

Alderman Gatsas asked so we received that yesterday? And 2.5 where it says transfers, what we were sent is incorrect?

Mr. Sherman answered what we did...go ahead Walter.

Mr. McCabe stated the draft that was sent out on the 26th did not cover the point fully that was raised today by Mr. McEacharn and expressed this evening before the Board. What is in the replacement amendment is intended to address the provisions the way the League has requested they be addressed about the guarantees.

Alderman Gatsas asked so that point has not been voted on by the Committee?

Mayor Baines answered that's correct. It's coming to full Board as was requested this evening to deal with that amendment. There's a motion on the floor and it has been duly seconded.

Alderman Gatsas asked so this has nothing to do with the personal guarantee, this has to do with something else?

Mayor Baines answered no this dealing directly with the persona guarantee and reflects the language that was discussed for about two hours before the recess. This is the language that makes the adjustments to 2.5 and 2.6 that releases the third party or the successor to Mr. Weber in the event that were to occur.

Alderman Wihby stated this isn't a change from the League today. The League had requested this of the Committee before we voted.

Mayor Baines stated that's correct.

Alderman Wihby continued so we're just...and we, the Committee at the time, not recognizing that it was a deal breaker, changed it where we thought they would be happy to and that's what's in front of us now, which we're trying to amend. But it's not anything new. The League told us back when we got this a week ago or whatever, that this is what they wanted and we just didn't listen to them then.

Mayor Baines stated and this was the recommendation of the Finance Officer and the Deputy Finance Officer to the Committee as well.

Alderman Wihby stated which we didn't listen to.

Mayor Baines replied that's correct.

Alderman Garrity requested a roll call vote. Aldermen Smith, Thibault, Forest, Wihby, Guinta, Sysyn, O'Neil, Lopez and DeVries voted yea. Aldermen Garrity, Gatsas, Osborne, Pinard and Shea voted nay. The motion carried.

Alderman Forest moved to accept the report as amended. Alderman O'Neil duly seconded the motion. There being none opposed, the motion carried.

Alderman Gatsas stated I've got some questions of legal counsel about whether the changes in these agreements are pertinent.

Mayor Baines stated you just voted for them.

Alderman Gatsas responded no. We have other things in this agreement. Do any of the things in these agreements change? Because we have changed the agreement.

Mayor Baines stated correct me if I'm wrong, there was a motion to accept the report, it was moved and seconded and voted on. Am I correct or am I missing something?

Alderman Gatsas stated Your Honor, with all due respect, we paid this company \$278,000 in taxpayer's money by bonding. I think we're entitled to ask a couple of questions.

Mayor Baines stated Alderman you can ask all of the questions you want but there's a special committee that's been established under the rules of the Board, it's a sole purpose item was to hear the Committee report. We've dealt with the Committee report and now we're going to move on, because that was the agenda for this evening.

Alderman Wihby stated I know we voted on this but I think its appropriate to discuss the seven changes and I think what Alderman Gatsas is going to ask Finance and the bond counsel is that this, and we've asked it in the Committee, does this put us, by voting these seven changes, does this put us any worse off than we would have been without making these changes. There's been a lot of stuff in the last two weeks and before the Committee met, after the Committee met, that we were changing, the deal was being changed, people wanted a better deal, the League doesn't want this, the League doesn't want that, I think we took that up in the Committee. We were told, at least at the time, and you can tell us again today to the whole Board, that there was no substantial change from the original agreement with these changes. I think that's where Alderman Gatsas is coming from, I think that's good discussion to have because we're going to leave here today and people are still going to go up and talk about how we don't have as much as we did and we were told that we did.

Alderman Gatsas stated Your Honor, I appreciate Alderman Wihby's discourse on Alderman Gatsas' ideas, but Alderman Gatsas to this day until I understood just now when I looked at

this statement of accounts that I can honestly tell you that I believe that these documents were drafted by the City Solicitor's office. I can tell you that, not because I'm looking to ask any questions, now that I have somebody in front of me that's drafted these documents, because obviously we had some communication from the City Solicitor on various items with his interpretation. And I think now that we have counsel here those interpretations should be addressed because there are documents here that we have that the taxpayers should at least be aware of.

Mayor Baines stated and I agree.

Alderman Gatsas stated I being a person that represents Ward 2 I have some questions that I'd like answered.

Mayor Baines stated and again, we're talking about the lease arrangement tonight, that was the issue on the agenda, like Mr. Sherman and Mr. McCabe first addressed the comments by Alderman Wihby...

Alderman Gatsas interjected with all due respect though, I think we virtually changed an agreement and I think we should be entitled to ask some questions. That vote is not going to change, but I think that there should be...

Mayor Baines interjected I am not in disagreement about the agreement. I am in totally agreement with you on the agreement.

Mr. Sherman stated as I told the Committee last week in going over this and formatting or putting together what the recommendations that I brought to the Committee, again, my first concern was not to reduce or jeopardize the position that the City was in. I think you've been told a number of times that you have an excellent document almost to the point that its detrimental to the project, it's so favorable on the City's side. Some of these changes that have been requested were clarification language and I don't think anybody has any problems with those. Some of those were similar to what we did with the hockey deal and the AHL and again I don't think there's any problem with those. When we talked about the personal guarantee the real issue is, and I still believe it to this day, that the personal guarantee that you have understanding how the League steps in and the process that they have really doesn't add anything to the agreement. We haven't...initially when I came in I requested as was requested by the League to take the personal guarantee out in its entirety. The Committee asked or where we end up today, is that it only comes out after there's a transfer from the current 6 to 4 to 3 LLC operations and going forward. And that was to deal with the liquidity issue, which I fully agree that that is a problem. I truly don't think that it's in anybody's interest, and certainly not the City's interest, to put anybody into bankruptcy. The deal is to get the economic development, get the development around the stadium, get people coming in and out of there and keep a team operating in the facility and not putting the City

at any financial risk, and I truly think that the agreement that you have and the amendment that has just been passed certainly provides the City with that opportunity.

Mayor Baines asked Mr. McCabe would you like to address that issue?

Mr. McCabe stated the terms that are drafted in the amendment are reflective of a, I guess I would view as a three step process. The Eastern League discussed I believe with the Finance Department some issues they had early. The Finance Department discussed them with me; we had some fairly lengthy discussions about what was good and bad for the City about them. The Finance Department then took a position back to the Committee, which ultimately voted on what it was prepared to do with regard to the various issues. The one issue that was open has been somewhat been reconsidered this evening relates to release on the guarantee. Let me point out that the guarantee for the development of the stadium, i.e. getting the stadium done on budget and on cost, remains in place. The transfer of ownership continues to require City approval and for that matter, would require League approval. The League is not looking to put someone who is not going to be able to carry the team and lease obligations in place, because that doesn't do any good for them. They're just putting off a problem they are going to have. What it does do is allow the team to be sold and puts it in a position which you have no one willing to touch the team because the guarantee obligations if there is a problem or even if there isn't a problem, because someone is not prepared to go as deep as Drew and Kurt as guarantors chose to go in this instance to the City, and presumably in the future they will be more of a proven product. Right now, you do not have a proven product, you do not have a team play in Manchester, you do not have a track record, you don't know if its going to be good, bad or indifferent. At such time as a transfer occurs it will be presumably after there is a track record and whoever is stepping up will know the deal they're stepping up for. So I do not believe that there is anything substantively here that hurts the City in any fundamental way with the changes that are proposed, but it does make it possible for the league to go forward and get past the fundamental issue they are having problems with to approve the transfer of the team to Manchester.

Alderman Gatsas stated we received a letter from the City Solicitor in regards to Section 13 of the lease that calls for the tenant to immediately deposit \$1 million with the mutually acceptable escrow agent. Where you are legal counsel, I don't know if you've seen that letter, but you've drafted these and obviously Ropes and Graves is standing behind them, are you giving us your professional opinion as representing the City that there is no breach in contract?

Mr. McCabe asked excuse me Alderman Gatsas which agreement are you referring to?

Mayor Baines stated now he's not talking about the lease for the ballpark, he's talking about the Gill Stadium lease. To refresh your memory on that. We asked the City Solicitor to

review the issue related to the escrow account not being established on the day because in fact the City staff was scheduling a meeting to work through the escrow issues with the developer and you have Mr. Clark's opinion.

Alderman Gatsas stated let me explain why I'm asking that question Your Honor. The reason why I'm asking the question is if for some reason if the Eastern League doesn't give Mr. Weber the approval based on this lease, and the contractor is looking for collection, is your professional opinion that this contractor is not in breach because we don't have the money to deposit with an escrow agent? Because I'm sure that when he made his bid he looked at these documents, he understood that when he started the work that there was \$1 million in an escrow agent, and from what I remember last week as Mr. Thomas was talking about disbursing funds, at that last meeting. Now, is it your legal opinion, representing the City, reading this document, that there is no default?

Mr. McCabe answered my understanding of Section 13 is that once the lease is effective then there is a requirement that \$1 million be deposited with an escrow agent reasonably acceptable to both parties. The first step is the parties have to agree on an escrow agent, the second step is that the arrangements actually have to be memorialized in a written escrow agreement that would reflect the terms under which the dollars will be disbursed, how they will held, what happens in the event of a dispute, etc. My understanding reading City Solicitor Clark's letter is that a meeting was arranged for that, reasonably promptly after the fifteenth, which I think here is the triggering effective date under this agreement, and that such meeting was not held because of complications that were going on with the Eastern League, which obviously had to be addressed given the time sensitive nature of what was going on in scheduling for play next year at Gill Stadium, among other things.

Alderman Gatsas asked so what you're saying is, your professional opinion is that this contract is not in breach?

Mr. McCabe answered assuming that it ultimately moves forward and the deposit is escrowed, no.

Alderman Gatsas stated I guess I'm going down the road that says, if there's a problem that Mr. Weber doesn't get Eastern League approval, is there a breach?

Mr. McCabe answered if he puts up the million dollars, no. If the million dollars is not put up in escrow within a reasonable period of time, that would be a breach under this agreement.

Alderman Gatsas asked that's your legal opinion?

Mr. McCabe answered that's my legal opinion.

Alderman Gatsas asked so when you put this in there that said the City of Manchester was supposed to receive a million dollars?

Mr. McCabe answered it says that there is supposed to be an amount deposited with an escrow agent reasonably acceptable to both parties.

Alderman Gatsas stated and I think it follows through with number 36, because you made that reference in there.

Mayor Baines stated I'm a little bit confused in that he said that there wasn't a breach and I don't know what more you want him to say.

Alderman Gatsas stated Your Honor, because I've talked to four other attorneys and they tell me it's a breach because the contractor is obviously looking at a contract here assuming that there's a million dollars deposited with an escrow agent before he starts work.

Mayor Baines stated Alderman, in all due respect, that's been reviewed by the City Solicitor, by bond counsel and they've both come to the same conclusion and I think...

Alderman Gatsas interjected I think he ought to read 36 before he answers that.

Mr. McCabe asked what is your question with respect to paragraph 36?

Alderman Gatsas stated it says that the default goes back to 36 if those things are met in 36, then the agreement has to have a million dollars deposited.

Mr. McCabe answered that is correct, however, it does not say that it has to be deposited on August 15th, it says that it has to be deposited once the agreement is effective and that presumes that the escrow terms and the escrow agent are worked out. There was an arrangement as I understand it, a meeting arranged to discuss that, which has subsequently been put off, I've not heard that there's any suggestion that its not going to happen.

Mayor Baines stated Mr. Weber is fully aware of his obligations and we've had discussions and he's ready to meet his obligations, as he's met every obligation, by the way, that the City has put before him and I think he's an honorable man and I think he's demonstrated that over and over again.

Alderman Garrity stated just recently you and I had a sidebar and I guess I misunderstood you, but you said we were going to discuss League issues separately. Or did I misunderstand you?

Mayor Baines replied I'm not sure what you're referring to Alderman.

Alderman Garrity stated we were going to vote on the personal guarantees first.

Mayor Baines replied well we did and then the rest of the Committee Report explained...the next that the Committee Report would come forward.

Alderman Garrity stated the baseball Committee I don't think has been given its authority by the full Board yet. Has it not?

Mayor Baines replied there would be a vote next Tuesday night at our regular meeting and there will be a document that has been prepared by the City Solicitor's office which should be in all of your hands with your packet that would put on the floor and subject to debate and confirmation by the full Board.

Alderman Garrity stated next question is, well then how can the Committee recommendation come forward and be approved without full Board?

Mayor Baines answered they weren't. The Committee recommendations came...because that isn't an agreement yet, that has not been passed and I'm not sure it will be, but obviously we've recommended it would be, because that's why everything is before the full Board tonight because that vote has not been taken.

City Solicitor Tom Clark stated Your Honor and Alderman Garrity, the Committee is formally set up. It was set up by the Chairman of the Board, the Committee has the right to meet and make recommendations to the full Board. The only authority they don't have is to take action on their own without coming back to the Board.

Alderman Garrity stated I'm sorry I didn't hear you.

Mr. Clark replied the only authority that the Committee does not have at this point is the ability to take action on their own without coming back to the Board. They do have, as formally being set up, they do have the right to make recommendations to the Board of Mayor and Aldermen.

Alderman Garrity asked may I speak to League issue number 7, Your Honor? I think that's where I have a big problem League issue number 7. Basically what its saying is that if the League comes in and then after three years if the League has ownership, the League can come in and they can try to do another lease deal with the City, and I think that puts the City at risk. The lease is the lease and I think the lease is the lease for the term of the lease, and I think there should be nothing that changes the lease after three years if the team comes in

and after three years they're still here. This states that they want to change the lease and I strongly disagree with that.

Alderman Wihby stated in reference to that, Your Honor. I don't even know if that really had to even be in there because if they wanted to come back to us and change the lease, they'd just come back anyway and talk to us about changing the lease. So they could do that at any time, it's up to this Board to allow them to do that, but even if that wasn't there, it wouldn't make any difference. If they wanted to come back and came back, we'd listen to them, and if we decided to change it, we would. And they might feel comfortable with that, to me it just doesn't make a difference because we're not going to say we're going to listen to them, we're just saying yes come back to the table. But they knew that any way.

Mayor Baines stated you would just sit down with them as I think if Drew Weber called at some point in time five years from now and said I want to come in and talk about the lease, you going to I would hope talk to him. To say no we're not going to even talk to you, that's when we have business agreements with people and I've seen many times since I've been mayor if arrangements we've had on properties and arrangements with people, people have come back to the Board and said we'd like to do something differently and most of the times the Board said no, but they do have the option though. And I can remember a couple issues like that.

Alderman Smith stated the last week or so I was on vacation. I got a lot of periodicals and I come to find out that most of the quotes in the paper were very misleading and people are misinformed. I'd just like to state a couple of things. One thing, in regards to the Eastern League signing on or off, everybody knew this on this Board November 15, 2002. As far as the million dollars are concerned, I thought the headline was very misleading saying the developer owes the City that type of money. I have the lease right here and I'm glad that my colleague from Ward 2 brought it up, and I can't see until both parties agree that this money is due and it says it in the section Walter brought it out. And I just think that a lot of people have been misinformed because they didn't pay attention to what was going on, and in fact, I picked up the synthetic turf and that was explained to us back in November. I was under the assumption of field turf because I think that's the best turf, I was under the assumption that was going to be used. We can argue all we want to on bleachers and that. I thought we were just meeting on one purpose tonight for the agreement and I think we should move on and adjourn.

Alderman Wihby stated just in closing, Your Honor. I think maybe in the last couple of weeks we have had a rocky road on this. I don't think much has really changed from two weeks ago when we first met and first had this. At least talking to bond counsel and the City Solicitor and our Finance team that nothings really altered by changing these seven items. If it makes the League a little happier to have this and it doesn't hurt the position of the City, I don't think much has changed. But I do think the Committee probably should have been

formed sooner and met sooner, we couldn't meet until it was formed. But I think now that there is a committee, and I think it's got some experience with the Civic Center that we had, but I think that it should be a little more flowing. I would assume that after we have League approval that the million dollars will be set up, that everything will move forward, the Committee will be meeting, we'll have somebody in place with Frank Thomas' construction and everything, and we'll be meeting on a timely note for all of the different things that come up. So I would assume after Tuesday we're back going in the right direction, but I know it's been a rocky two weeks and a lot of things have been said, right or wrong and different reasons I guess, but I think we should move forward like Alderman Smith said and just see what happens on Tuesday. If we have to come back for some reason then, we would.

Mayor Baines stated all I know is I'm looking forward to the weekend and coming in in the morning tomorrow and not have to be talking about baseball and dealing with some other issues.

Alderman Shea stated Your Honor, I think that for my own personal thinking we entered into a contractual with a particular company or a particular person and I think personally it's bad precedence for the City to enter into an agreement and then when pressure is brought to bear because of lack of information on the part of other people, we have to change the terms of the agreement. I certainly was all in favor of the baseball situation, like anything else, one agreement is changed and pretty soon maybe the meeting is held the second of September, possibly another agreement might have to be introduced and changed, and that's where I'm a little bit leery. In other words, we should have stuck to our guns because in all due faith I voted for a particular contractual agreement and if I knew then what I know now, I would not have voted for this particular arrangement, Your Honor. And I think it's wrong for us to vote on one agreement at a certain time and then be, for whatever reason, changing the concept of this so that in the final analysis people have to either make adjustments in their thinking and say well we want this for the good of all things and therefore we'll go along with it, but maybe there's something that's not quite right here. And I think Your Honor, that we have to be very leery about how we enter in agreements with other people and whether or not we as a community are going to say we have done what we were supposed to do and therefore why don't we stick to our guns. Certainly we go hood winked in one situation and I don't want to bring it up, but we knew what that situation is the Civic Center, and they didn't change their situation, they kept it the way they wanted it and we had to adjust to what they wanted when Alderman Thibault wanted to bring it up, therefore, Your Honor, I think that we should always stick to the principles that we voted on because we didn't vote on a previous vote in June like we did tonight. That's my commentary.

Mayor Baines stated I appreciate comments and respect them, I respectfully disagree with them because I think there is a proper oversight and responsibility has been put in place. I have to inform you about something. What I'd like to do is also clear up another misunderstanding, and unfortunately I don't have a newspaper to go out and correct every

time there's something inaccurate in the local newspaper. But I want to assure this Board that you have been communicated with honestly, in a forthright manner, in a timely manner on every aspect of this project despite what you've read and you've seen reported. It simply is not true. Secondly, there has been absolutely no lapse and oversight of this project. From day one I have been actively involved in oversight of every aspect of this project, with Bill Jabjiniak, with Kevin Clougherty, with Randy Sherman, with everyone involved with this project. The staff has done an absolutely incredible and I'm very proud to work with this staff, they are people of honor and integrity and are always working for the best interest of the taxpayers of the City. We have nothing to apologize for how we've handled this matter, despite what's been printed in the local newspaper. I will continue never to compromise you as Board members or the taxpayers of the City of Manchester. Having said that I will ask for a motion to adjourn.

This being a special meeting of the Board, no further business was presented, and on motion of Alderman O'Neil, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Record. Attest.

City Clerk